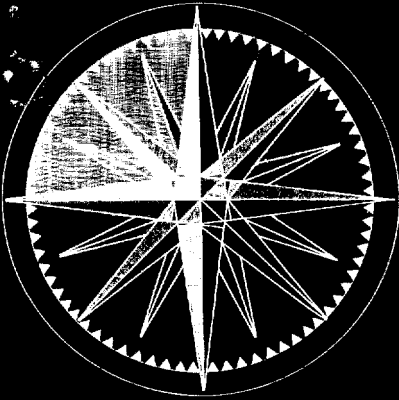


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# SPECIAL REPORT

ARGENTINE POLITICAL DEVELOPMENTS

CENTRAL INTELLIGENCE AGENCY  
OFFICE OF CURRENT INTELLIGENCE

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11 September 1964

**ARGENTINA POLITICAL DEVELOPMENTS**

The unrest now besetting the 11-month-old Illia government will intensify with the provocative Peronist campaign to bring back ex-dictator Juan Peron. This campaign seems aimed more at promoting revolution than peaceful Peronist political goals. The hard-line Peronists, who are in the minority, appear fearful that in the March congressional elections soft-line Peronists will succumb to the coalition bids of other parties. Both the Peronists and the other parties are critically fragmented. Organized labor remains the Peronists' strongest political weapon. They are using it to press their campaign and to fan widespread discontent over economic conditions. The armed forces and the majority of Argentines are adamantly opposed to Peron's return.

Ostensibly, the Peronist political offensive is aimed at demanding participation in the March elections and legality for a Peron-directed movement, apart from the various neo-Peronist parties which are already recognized. Leaders of most parties consider these elections, for half the national Chamber of Deputies, unusually important as a possible indication of new and stronger political alignments. At present, political fragmentation is one of Argentina's key problems.

Since Peron was overthrown in September 1955, the regulations governing elections have, in general, permitted the participation of neo-Peronist parties which are independently directed but barred those which profess to be directed by Peron. There have been variations periodically in these regulations, particularly in the provinces, where each provincial electoral board decides independently which parties to recognize within its electoral district. For example, in several past provincial elections the Communist Party as well as the Peron-directed Justicialist Party ran candidates, despite the federal ban on these parties.

This month the National Congress, which already includes a neo-Peronist minority, is to debate a new statute on political parties which will affect the Peronists' electoral role. Illia's People's Radical Civic Union party (UCRP) feels committed by its campaign platform to lift "all political proscriptions." To most people, this means legality for the Peronist and Communist parties. Technically, it could also mean legality for various extremist groups now outlawed, such as the extreme nationalist, anti-Semitic Tacuara organization. Hard-line Peronists are stressing that it also must mean freedom for Peron to return to Argentina.

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Peron, now 68 and living in luxury in Madrid, has just sent new tape recordings to Argentina reassuring his supporters that he will return before the end of 1964 despite all obstacles. Such statements by him and his supporters, who often travel to Madrid, have been more frequent since the beginning of the year. Last week the Peronists announced plans for a national committee to formalize preparations for Peron's return.

The chief obstacles to Peron's return include a morals charge based on his having kept a teen-age mistress, a treason charge, and the opposition of the armed forces. One of Peron's lawyers citing the statute of limitations, has asked the court to dismiss the morals charge. Government spokesmen have turned aside queries regarding the treason charge with the reply that Peron will be subject to the same laws as any other citizen if he returns to Argentina.

Despite their conviction that Peron would not have the nerve to return, non-Peronists are uneasy over the government's vagueness in the face of the intensifying Peronist campaign. This vagueness apparently stems from a wish to avoid a direct confrontation with the Peronists which might increase sympathy for Peron.

Military leaders have turned aside queries on the

treason charge with the comment that they did not want to concern themselves with political matters.

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The Peronists are well aware of such feeling among civilians as well as military officials and know that highlighting Peron's return prejudices their chances for a legal party. Such emphasis, therefore, casts strong suspicion on their motives.

The extent of the apprehension regarding current Peronist tactics and the depth of feeling against Peron can be



Peron at home in Madrid

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appreciated only against the background of the Peron era, which began nearly two decades ago. In seeking a monolithic state, the Peron regime gagged the press and political opposition; jailed, exiled, or financially ruined persistent opponents; and purged professors from Argentina's once excellent school system. His extensive controls discriminated against agricultural production, the backbone of the economy, and nearly drove the country to bankruptcy. He purged the military, dominated the Congress, and took over and expanded organized labor. A Peronist Party card was required for a government job or a pension. He used the General Confederation of Labor (CGT) in the roles of co-government and chief organ for political action similar to those it is trying to promote today.

His policies also prejudiced economic development not only by wasting Argentine resources but also by discouraging foreign capital and techniques and by failing to train the new technicians needed to develop a modern society. Consequently, many young professionals left the country and are still leaving. The lag in development was important in undermining his regime as well as in creating problems for those who succeeded him.

#### Political Fragmentation

The decline in Peron's popularity was evident more than a year before the 1955 revolu-



PERON: "I'd rather fight in Madrid."

- El Mercurio, 22 August 1964

tion. Economic difficulties were causing the workers to complain and prompting Peron to make overtures to business and to the US--incidentally authorizing pro-US propaganda in Argentina for the first time in a generation. His burning of the churches, however, so damaged his image that his fight with the church was chosen as the vehicle for the multiparty revolution. Subsequent election results confirm a decline in his personal influence and a disorganization among his followers which could not be attributed merely to official restrictions on Peronist activity.

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Were it not for the fragmentation of the non-Peronist parties and their lack of enlightened leadership, their persistent fear of a Peronist polling power varying from 15 to no more than 30 percent of the electorate would be inexplicable. They have been unable to maintain party unity, much less attract large segments of the former Peronist vote. For example, more than 60 political parties participated in each of the national elections in 1962 and 1963. The plurality of Illia's UCRP in the July 1963 elections was only roughly one quarter of the total vote, while his nearest competitors approximated 15 and 13 percent.

The composition of the National Congress exemplifies this fragmentation: there are 23 parties represented in the 192-man Chamber of Deputies and 12 in the 46-member Senate. The neo-Peronists are also split into different parties and have two blocs in the Chamber of Deputies. Ex-President Frondizi now has a separate Intransigent Radical Movement (MIR), splitting the large congressional bloc of his former Intransigent Radical Civic Union (UCRI). He lost control of the UCRI last July, after he had backed Peron's call for a blank vote, and is now seeking support among the neo-Peronists and reportedly other more conservative parties.

This underlines the fact that Argentine political stability will require the consolidation of democratic forces as well as the peaceful reintegration of pro-Peronist elements into the body politic.

The UCRP,  
The Government Party

When the majority of political parties--including some neo-Peronists--cast their electoral votes for Illia in the summer of 1963, they thought that they were entering on a period in which a national consensus might be developed in certain areas of government policy. Illia was inaugurated in October with an exceptional measure of good will, but much of this has now been replaced by criticism of the government's economic policies. Business circles are alarmed over such measures as the minimum wage bill, the limited exchange controls, and price controls over various items of primary necessity, such as beef and other foodstuffs. The government remains under pressure from labor because of the continued rise in living costs despite these measures. The exceptional wheat harvest has provided some improvement in the economy. Unemployment persists, however, and price controls have prompted black markets, making food more expensive and scarce than the official records indicate.

Illia's nonparty supporters in the electoral college expected him to appoint qualified men from other parties to responsible positions, as he indicated that he would. Instead, the UCRP has acted like a majority party and maintained a tight grip on decision-making and all cabinet positions. The UCRP's main concessions to nonparty elements have been ambassadorial appointments

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and consultation in the Chamber of Deputies, where it lacks even the slim majority it has in the Senate.

The UCRP, which did not expect to win the July election, lacked a well-developed program and experienced, competent talent. Illia, a country doctor, attracted votes on the basis of his reputation for honesty and concern for the little man. UCRP leaders had been in the opposition since its parent party, the Radical Civic Union (UCR) was ousted from power in 1930. UCRP leaders walked out of the UCR to form their own party in 1957, because of their strong dislike for Arturo Frondizi, who had just won control of the UCR.

The UCRP, like other parties, suffers from factionalism. It includes elements ranging from left of center to the moderate right. Dr. Ricardo Balbin, UCRP president, who heads an important faction within the UCRP, advocates more nationalistic, outmoded views on economic policy than those held by Illia. Many government decisions appear to be reached through debate among the factions, and this tends to hinder flexibility in executive decisions.

The UCRP is well-intentioned and seeks to promote economic development, but its lack of experience has slowed its attack on the enormous economic problems it inherited and has compounded some of them. As an example of these problems, the budget deficit for the fis-

cal year ending 31 October may reach \$900 million compared to a deficit of \$590 million last year. The gross national product dropped about five percent in 1963, following a decline of four percent in 1962. The government's hasty cancellation last November of the petroleum contracts with 13 firms --including 9 US companies-- is deterring new foreign investment. The government continues to give assurances that a satisfactory settlement will be negotiated, and thus far the companies believe time is on their side.

The government is probably in its greatest quandary about how to meet the increasing pressure of the Peronists and the CGT without jeopardizing its chances for attracting Peronist support in the March elections.

#### Organized Labor

The conciliatory gestures of the last three governments toward the Peronists in organized labor have met with both setbacks and some success. An increasing number of Peronists have been won over to the idea that the CGT should confine itself strictly to labor affairs, but the leaders of the Peronist unions--known as the "62 bloc"--persist in using the CGT as a political weapon.

In January 1963 the CGT was formally reconstituted with half of the six positions on the executive committee allotted to the "62" bloc and half to the "independent" bloc, which

# COMPOSITION OF ARGENTINE CONGRESS SEPTEMBER 1964

## CHAMBER OF DEPUTIES

PARTY OR BLOC	OCCUPIED SEATS (Elected Seats in Parentheses)	
People's Radical Civic Union (UCRP)	68	(72)
Intransigent Radical Civic Union (UCRI)	38	(40)
Split into two blocs: Alende (Legalist)	20	(20)
Frondizi (MIR)	18	(20)
Justicialist Bloc (neo-Peronist)	17	(17)
Composed of: Popular Union (Chaco)	3	(3)
Popular Union (San Juan)	1	(1)
Popular Union (Corrientes)	1	(1)
Three Flags (Mendoza)	2	(2)
Three Flags (Entre Rios)	1	(1)
White Party of the Workers (Jujuy)	2	(2)
National Labor Party (Salta)	2	(2)
Neuquen Popular Movement	2	(2)
San Luis Popular Action	1	(1)
White Party (Mendoza)	1	(1)
Social Justice (Tucuman)	1	(1)
Union of the Argentine People (UDELPA)	15	(15)
Progressive Democrat (PDP)	12	(12)
National Federation of Center Parties (FNPC)	12	(12)
Composed of: Conservative Democrat (Federal Capital)	1	(1)
Conservative Union (Buenos Aires)	3	(3)
Democrat (Cordoba)	2	(2)
Liberal (Corrientes)	2	(2)
United Democrat (Entre Rios)	1	(1)
Democrat (Mendoza)	2	(2)
Liberal Democrat (San Luis)	1	(1)
Christian Democrat (PDC)	7	(7)
Argentine Socialist (PSA)	6	(6)
Democratic Socialist (PSD)	5	(5)
Confederation of Parties of the Interior (neo-Peronist)	5	(5)
Composed of: Defense of the Provincial White Flag (Tucuman)	1	(1)
Democratic Federal Movement (Salta)	1	(1)
Provincial (Santiago del Estero)	1	(1)
Civic Union for the Renovating Crusade (San Juan)	1	(1)
Radical Civic Union Bloc (San Juan)	1	(1)
Autonomous (Corrientes)	0	(1)
<b>TOTAL</b>	<b>185</b>	<b>(192)</b>

## NATIONAL SENATE

PARTY OR BLOC	SEATS
People's Radical Civic Union (UCRP)	25
Justicialist Bloc (neo-Peronist)	9
Composed of: Popular Union	2
White Party of the Workers	2
Neuquen Popular Movement	2
National Labor Party of Salta	1
San Luis Popular Action	1
Social Justice	1
Intransigent Radical Civic Union	5
Christian Democrat	2
Federation of Center Parties:	1
Composed of: Liberal	1
Autonomous Party of Corrientes	1
Conservative Party of the Chaco	1
Union of the Argentine People (UDELPA)	1
Radical Civic Union Bloc	1
<b>TOTAL</b>	<b>46</b>

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includes neo-Peronists. The secretary generalship fell to the Peronists and the assistant secretary general was an independent.

Peronist leaders have always recognized the importance of the CGT in meeting strategic needs. The CGT fulfills an organizational lack, since it has in all provinces affiliates which are more cohesive and extensive than the Peronists have been able to organize. Secondly, the Peronists have exploited organized labor's economic grievances to further partisan Peronist demands. The CGT also offers protection since the government authorities are hesitant to crack down on labor.

Such Peronist exploitation is apparent in the "battle plan" which the CGT launched early this year. It included intensive propaganda and sit-downs in factories in May and June. The "independent" labor leaders themselves endorsed the plan in the belief the sit-downs would not be carried out. Their goal was to press for government action on such worker complaints as high living costs and unemployment. The demands included not only price controls and steps to counter the industrial recession, but also two political riders favorable to the Peronists and the Communists. These sought "full political amnesty" and the removal of all political proscriptions. The Peronists and the CGT are now giving priority to both.

The political motives behind the plan finally became obvious to the independents when the Peronist labor leaders insisted on carrying out the 24-hour sit-down strikes after the government had met the major CGT economic demands. The Peronists also rejected overtures for conciliatory talks with the government. Lack of enthusiasm on the part of the workers as well as restraint on the part of management and the government prevented serious violence. Some incidents did occur, however, and generally the maneuver served to damage worker discipline and relations with employers.

The architect of this plan was August Vandor, leader of the "62" bloc. He calculated that this action would win over some supporters of Andres Framini, his chief competitor in Peronist labor and political circles. When Vandor did defeat Framini in the July race for head of the Justicialist Party in Buenos Aires Province, Framini protested that Vandor was promoting "Peronism without Peron." Framini announced that he was forming a "Peronist Revolutionary Group" to promote Peron's return. On the other hand, Vandor has just returned from a meeting in Madrid with Peron, who placed him in charge of organizing plans for "the return."

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Peron's disavowal of Framini's "revolutionary group" --as well as another one connected with Hector Villalon, a pro-Cuban extremist--is probably an insincere attempt to tidy up the Justicialist Party's reputation in a bid for legal status. Framini's "group" is new and may have been announced specifically for purposes of denial. In an effort to present an appearance of "democratic structure," the Justicialist Party held an organizing convention on 26 July. Most of the officials are little known, in accordance with the Peron dictum for choosing party leaders and presidential candidates. Neither during nor since his regime has Peron permitted other Peronists to develop a national standing which might become a challenge to his leadership. Vandor thus far has offered the greatest challenge. Peron's assignment of his future political action plans to the "62" group indicates further his primary position and the lesser importance of his Justicialist Party.

Peronist Plans

The Peronists plan three campaigns to promote their political aims. One already in progress is the so-called "third stage" of the CGT battle plan. This consists of rallies in front of provincial government houses, and propaganda through various media, to condemn current economic conditions. A

CGT communiqué issued on 2 September, for example, says that there is no work, that food is scarce, and that industrial firms are closing their doors. It also denies government statements that full freedom exists in Argentina. The CGT will highlight this phase with a massive rally in front of the presidential palace on 17 October, the chief Peronist holiday honoring Peron.

A second project, announced on 2 September, is the formation of a "National Committee for the Return of General Peron" to organize subcommittees throughout Argentina within 10 days. The "62" labor bloc is in charge of the committee, which will include members of the Peronist political organizations.

A third plan is to try to turn the celebration of President De Gaulle's visit to Argentina from 3 to 6 October into a simultaneous demonstration for Peron.

The Peronists like to portray De Gaulle as the leader of a third force which is similar to Peron's concept of a third position between capitalism and Communism.

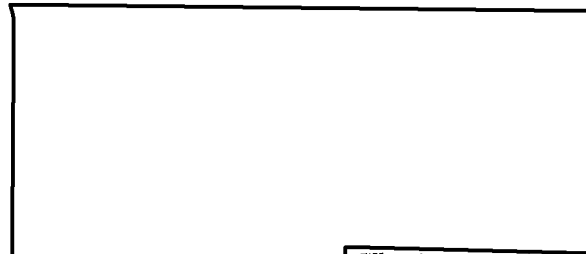
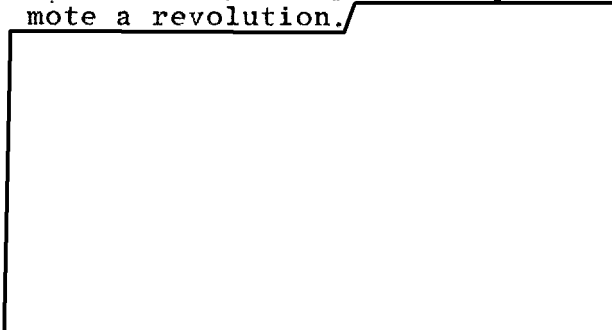
Speculation concerning Peron's intentions ranges from

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a secret deal with the Illia  
government--which military  
leaders deny--to plans to pro-  
mote a revolution.



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Whatever the  
Peronists' strategy, their new  
campaigns will add to unrest  
and complicate the process of  
national conciliation.

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